Government of Saskatchewan

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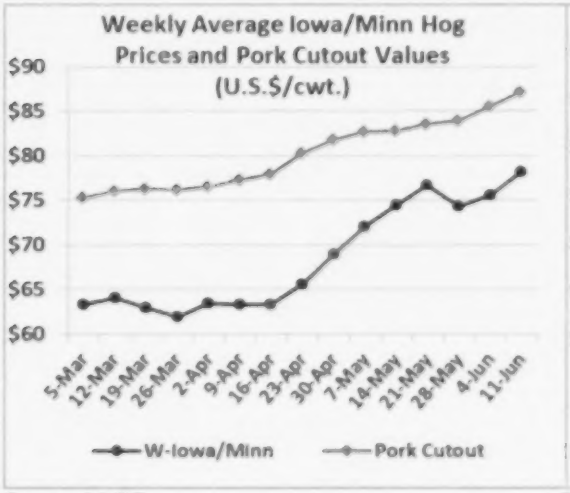
Weekly Hog Report

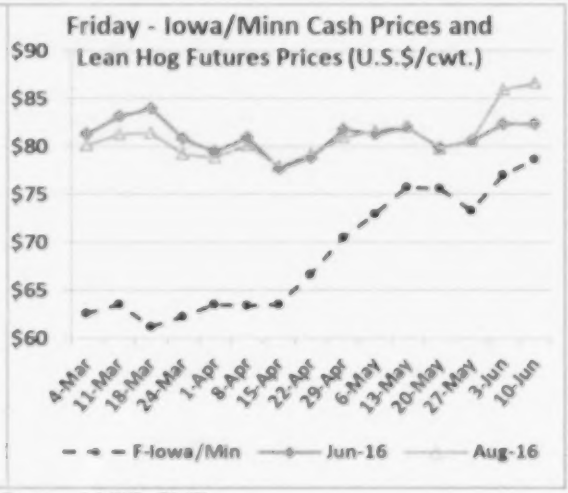
June 13, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged higher early in the week to move higher, week-over-week. Hog prices on Friday June 10 averaged US$78.63 per cwt, up US$1.63 per cwt or 2.1 per cent from US$77.00 per cwt the previous Friday. The negotiated base price last week averaged US$78.21 per cwt, up US$2.72 per cwt or 3.6 per cent from US$75.49 per cwt the previous week. Weekly cash hog prices were higher on continued stronger seasonal pork cutout values.



Source: LMIC



Source: LMIC, CME

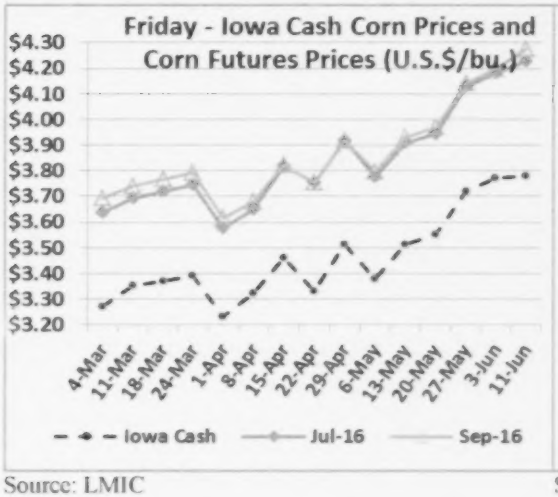
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday June 10, 2016 was $183.75 per ckg, up $2.30 per ckg or 1.3 per cent from $181.45 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $183.19 per ckg, up $6.08 per ckg or 3.4 per cent from the previous weeks' average price of $177.11 per ckg. The Canadian dollar moved higher last week closing Friday at 78.39 cents, up 1.13 cents from 77.26 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were mixed over the week and ended the week mixed, week-over-week. The June-to-August 2016 lean hog futures contracts ranged from US$0.275 per cwt lower to US$0.750 per cwt higher. The nearby June and July contracts declined slightly, while the August contract increased US$0.750 per cwt to settle Friday at US$86.625 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were again mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$19.77 per head, down US$4.75 per head from US$24.52 per head the previous week. Feeders (40lb) averaged US$65.80 per head, up $3.17 per head from US$62.63 per head, the previous week.



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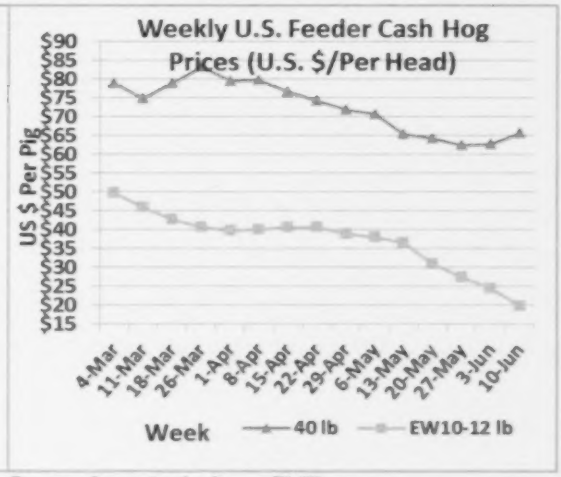


Source: Iowa Agriculture, CME

U.S corn prices were mixed over the week. Iowa cash corn prices increased one cent to settle Friday at US$3.78 per bushel. U.S. daily corn futures prices were higher early week and declined Thursday and Friday, but still managed to move higher, week-over-week. The July 2016 corn contract increased almost five cents to settle Friday at US$4.23 per bushel, while the September 2016 corn contract increased almost eight cents to settle Friday at US$4.27 ½ per bushel

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending June 11 were estimated 2.086 million head, up 9.8 per cent from 1.899 million head the previous shorter Memorial Day week, but down 1.6 per cent from 2.121 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending June 11 averaged 2.071 million head per week, up 0.5 per cent from 2.061 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending June 4, 2016 were estimated at 393,827 head, up 16.5 per cent from 338,117 head the previous shorter holiday week, and down slightly from 394,430 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 384,504 head, down 0.9 per cent from 388,126 head over the same period in 2015. Year-to-date, hogs slaughtered in Canada in 2016 have totaled 9,027,041 head, up 2.4 per cent from 8,817,901 head over the same period in 2015.

Meat Production

U.S. pork production for the week ending June 11, 2016 was estimated at 442.9 million lb., up 9.6 per cent from 404.2 million lb. the previous shorter Memorial Day week, but down 1.7 per cent from 450.6 million lb. the same week a year ago. Pork production over the last four week's ending June 11 was estimated to average 439.8 million lb., up slightly from 439.3 million lb. over the same four week period a year ago.

U.S. beef production for the week ending June 11 was estimated at 477.9 million lb., up 13.4 per cent from 421.6 million lb. the previous shorter holiday week, and up 8.9 per cent from 438.8 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending June 4, 2016, was estimated to average 2.017 billion lb., up 3.4 per cent from 1.950 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.4 per cent compared to the same period in 2015.

United States Weekly Meat Production

(June 4) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	439.9	444.0	0.9%	0.2%
Beef	449.3	464.1	3.3%	3.7%
Chicken	942.8	978.8	3.8%	3.0%
Turkey	118.0	130.1	10.3%	1.6%
Total	**1,950.0**	**2,017.0**	**3.44%**	**2.42%**

Source: LMIC

Cutout Values

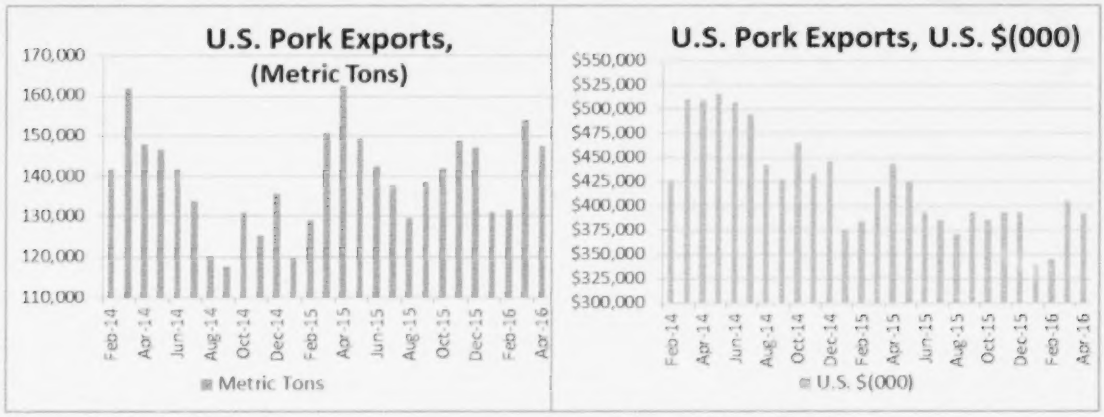
U.S. national pork cutout values for the week ending June 11, 2016 averaged US$87.14 per cwt, up 1.8 per cent or US$1.57 per cwt from US$85.57 per cwt the previous week, and up 1.2 per cent from US$86.08 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending June 11, 2016 averaged US$225.60 per cwt over the week, up US$3.20 per cwt or 1.4 per cent from US$222.40 per cwt the previous week, but down 8.4 per cent from US$246.38 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending June 11, 2016 averaged US$113.56 per cwt, down 0.3 per cent from US$113.92 per cwt the previous week, and down 23.5 per cent from US$148.38 per cwt the same week a year ago.

United States Pork Exports

United States exported 147,364 metric tons of pork in April 2016, down 4.2 per cent from 153,904 metric tons in March 2016, and down 9.3 per cent from 162,394 metric tons from April 2015. Pork exports were however higher than the first two months in 2016. By dollar amount, U.S. pork exports in April 2016 were US$393.1 million, down 2.9 per cent from US$404.6 million in March 2016, and down 11.5 per cent from US$444.4 million a year ago in April 2015. U.S. pork exports by volume for April 2016 were higher to Hong Kong/China, year-over-year; but lower to Mexico, South Korea, and Japan.



Source: USDA, USMEF

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USDA World Agricultural Supply and Demand Estimates (WASDE)

On June 10, the USDA released the June World Agricultural Supply and Demand Estimates (WASDE). U.S corn acreage and yield for 2016/17 was unchanged from the May estimates at 93.6 million acres and 168.0 bushels per acre for production estimates of 14.430 billion bushels. While corn production estimates remained unchanged beginning and ending corn stock estimates were reduced (95 and 145 million bushels) on improved U.S. competitiveness and lower Brazil corn production. U.S. corn price estimates were increased fifteen cents to range from US$3.20 to US$3.80 per bushel.

USDA June World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat & Poultry
	Quarter	Beef	Pork	Broiler	Turkey	
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,690**	**24,501**	**40,048**	**5,627**	**94,630**
% Chg.	**2014-2015**	**-2.32%**	**7.26%**	**3.89%**	**-2.24%**	**2.67%**
2016	May	24,810	24,990	41,038	5,959	97,577
2016	**June Proj.**	**24,675**	**24,960**	**41,014**	**5,920**	**97,337**
% Chg.	May-June.16	-0.54%	-0.12%	-0.06%	-0.65%	**-0.25%**
% Chg.	**2015-2016**	**4.16%**	**1.87%**	**2.41%**	**5.21%**	**2.86%**

Source: USDA June WASDE Report, June 10, 2016

The June USDA WASDE report revised the 2016 United States Red Meat and Poultry production 0.3 per cent lower to 97.337 billion lb. from the May estimates. United States meat production for 2016 is still projected to increase 2.9 per cent from 94.630 billion lb. in 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+5.2%) and beef (+4.2%), followed by broilers (+2.4%) and pork (+1.9%). Pork production estimates for 2016 were estimated at 24.960 billion lb. in June, down slightly from the May 2016 estimates. (Source: USDA WASDE)

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